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CITY OF EUNICE, LOUISIANA

Financial Report

Year Ended June 30, 2001

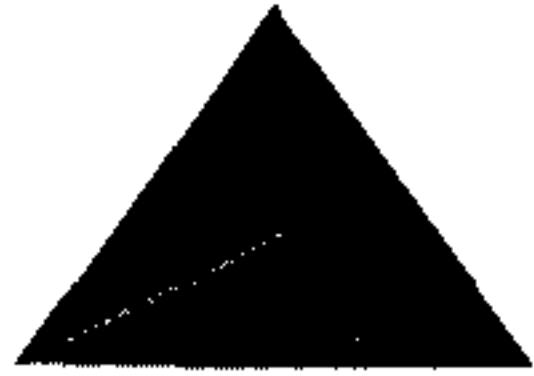
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Release Date 12/12/01

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**Darnall, Sikes
& FrederickSM**

(A Corporation of Certified Public Accountants)

Independent Auditor's Report

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City of Eunice, Louisiana

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We have audited the accompanying general purpose financial statements of the City of Eunice, Louisiana, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Eunice, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Eunice, Louisiana, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2001, on our consideration of the City of Eunice, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which an unqualified opinion on the general purpose financial statements of the City of Eunice, Louisiana was expressed.

Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Eunice, Louisiana, taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects in relation to the general purpose financial statements taken as a whole.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
September 20, 2001

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

CITY OF EUNICE, LOUISIANA
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 199,089	\$ 923,009	\$ 394,118	\$ -
Investments, at cost	-	353,617	886,483	-
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	-
Taxes	3,002	566	-	-
Other	3,603	-	622	-
Due from governmental units	90,950	-	-	-
Due from other funds	2,023	171,243	-	-
Prepaid items	72,457	19,423	-	-
Restricted assets:				
Cash	-	-	-	48,177
Investments, at cost	-	-	-	52,608
Land and buildings	-	-	-	-
Industrial facilities	-	-	-	-
Autos, equipment, furniture and fixtures	-	-	-	-
Utility, plant and equipment, at cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Amounts available in debt service funds	-	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-	-
Total assets	\$ 371,124	\$ 1,467,858	\$ 1,281,223	\$ 100,785
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 73,745	\$ 20,037	\$ -	\$ 2,471
Accrued liabilities	71,513	73,549	-	-
Deferred grant revenue	-	29,747	-	-
Due to other funds	108,536	15,610	82,843	-
Payable from restricted assets -				
Customers' deposits	-	-	-	-
General long-term debt	-	-	-	-
General obligation bonds payable	-	-	-	-
Capital leases payable	-	-	-	-
Total liabilities	253,794	138,943	82,843	2,471
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings -				
Unreserved	-	-	-	-
Fund balances:				
Reserved for prepaid items	72,457	19,423	-	-
Reserved for debt service	-	-	1,198,380	-
Unreserved, undesignated	44,873	1,309,492	-	98,314
Total fund equity	117,330	1,328,915	1,198,380	98,314
Total liabilities and fund equity	\$ 371,124	\$ 1,467,858	\$ 1,281,223	\$ 100,785

The accompanying notes are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	2001	2000
\$ 209,675	\$ 5,000	\$ 21,894	\$ -	\$ -	\$ 1,752,785	\$ 2,179,988
-	162,820	-	-	-	1,402,920	1,318,495
263,571	-	-	-	-	263,571	250,593
-	-	-	-	-	3,568	2,816
1,354	-	-	-	-	5,579	2,619
-	-	-	-	-	90,950	87,572
824	-	36,087	-	-	210,177	220,275
18,683	-	-	-	-	110,563	94,895
46,783	-	-	-	-	94,960	43,431
198,582	-	-	-	-	251,190	191,317
-	-	-	5,911,905	-	5,911,905	5,754,940
-	-	-	1,159,648	-	1,159,648	1,175,184
-	-	-	2,186,799	-	2,186,799	2,172,696
13,864,290	-	-	-	-	13,864,290	13,494,623
(5,564,171)	-	-	-	-	(5,564,171)	(5,216,151)
-	-	-	-	1,160,642	1,160,642	1,185,363
-	-	-	-	640,429	640,429	1,357,838
<u>\$ 9,039,591</u>	<u>\$ 167,820</u>	<u>\$ 57,981</u>	<u>\$ 9,258,352</u>	<u>\$ 1,801,071</u>	<u>\$ 23,545,805</u>	<u>\$ 24,316,494</u>
\$ 27,642	\$ -	\$ -	\$ -	\$ -	\$ 123,895	\$ 89,991
55,244	-	57,981	-	-	258,287	447,691
-	-	-	-	-	29,747	17,370
3,188	-	-	-	-	210,177	220,275
203,530	-	-	-	-	203,530	204,865
-	-	-	-	91,071	91,071	108,086
-	-	-	-	1,710,000	1,710,000	2,290,000
38,278	-	-	-	-	38,278	200,948
<u>327,882</u>	<u>-</u>	<u>57,981</u>	<u>-</u>	<u>1,801,071</u>	<u>2,664,985</u>	<u>3,579,226</u>
4,927,524	-	-	-	-	4,927,524	4,927,524
-	-	-	9,258,352	-	9,258,352	9,102,820
3,784,185	167,820	-	-	-	3,952,005	3,601,498
-	-	-	-	-	91,880	77,035
-	-	-	-	-	1,198,380	1,174,218
-	-	-	-	-	1,452,679	1,854,173
<u>8,711,709</u>	<u>167,820</u>	<u>-</u>	<u>9,258,352</u>	<u>-</u>	<u>20,880,820</u>	<u>20,737,268</u>
<u>\$ 9,039,591</u>	<u>\$ 167,820</u>	<u>\$ 57,981</u>	<u>\$ 9,258,352</u>	<u>\$ 1,801,071</u>	<u>\$ 23,545,805</u>	<u>\$ 24,316,494</u>

CITY OF EUNICE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types Year Ended June 30, 2001

	Governmental Fund Types				Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	2001	2000
Revenues:						
Taxes	\$ 994,096	\$ 3,147,283	\$ -	\$ -	\$ 4,141,379	\$ 3,840,534
Licenses and permits	384,002	-	-	-	384,002	389,941
Intergovernmental revenues	273,459	203,711	-	-	477,170	777,486
Fines, forfeitures and bonds	10,668	5,056	-	-	15,724	20,011
Liberty Cajun Music Show	63,096	-	-	-	63,096	132,070
Interest	-	54,892	74,708	6,147	135,747	88,089
Miscellaneous	196,307	-	44,000	-	240,307	264,968
Total revenues	<u>1,921,628</u>	<u>3,410,942</u>	<u>118,708</u>	<u>6,147</u>	<u>5,457,425</u>	<u>5,513,029</u>
Expenditures:						
Current -						
General government	1,011,927	105,031	-	-	1,116,958	1,091,372
Public safety	2,203,368	152,276	-	-	2,355,644	2,278,120
Public works	731,495	73,856	-	-	805,351	953,506
Health and welfare	23,454	-	-	-	23,454	35,817
Culture and recreation	445,436	111,491	-	-	556,927	555,673
Other	28,654	-	-	53,039	81,693	73,096
Capital outlay	7,604	730,063	-	-	737,667	834,810
Debt service:						
Principal retirement	-	61,391	688,086	-	749,477	600,487
Interest and fiscal charges	-	5,972	116,632	-	122,604	164,763
Total expenditures	<u>4,451,938</u>	<u>1,240,080</u>	<u>804,718</u>	<u>53,039</u>	<u>6,549,775</u>	<u>6,587,644</u>
Excess (deficiency) of revenues over expenditures	<u>(2,530,310)</u>	<u>2,170,862</u>	<u>(686,010)</u>	<u>(46,892)</u>	<u>(1,092,350)</u>	<u>(1,074,545)</u>
Other financing sources (uses):						
Operating transfers in	2,185,644	-	710,172	832	2,896,648	2,906,605
Operating transfers out	-	(2,166,669)	-	-	(2,166,669)	(2,156,952)
Total other financing sources (uses)	<u>2,185,644</u>	<u>(2,166,669)</u>	<u>710,172</u>	<u>832</u>	<u>729,979</u>	<u>749,653</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(344,666)</u>	<u>4,193</u>	<u>24,162</u>	<u>(46,060)</u>	<u>(362,371)</u>	<u>(324,892)</u>
Fund balances, beginning	<u>461,996</u>	<u>1,324,722</u>	<u>1,174,218</u>	<u>144,374</u>	<u>3,105,310</u>	<u>3,430,318</u>
Fund balances, ending	<u>\$ 117,330</u>	<u>\$ 1,328,915</u>	<u>\$ 1,198,380</u>	<u>\$ 98,314</u>	<u>\$ 2,742,939</u>	<u>\$ 3,105,426</u>

The accompanying notes are an integral part of this statement.

CITY OF EUNICE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - All Governmental Fund Types Year Ended June 30, 2001

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 990,500	\$ 994,096	\$ 3,596
Licenses and permits	360,000	384,002	24,002
Intergovernmental revenues	247,900	273,459	25,559
Fines, forfeitures and bonds	10,000	10,668	668
Liberty Cajun Music Show	90,000	63,096	(26,904)
Interest	-	-	-
Miscellaneous	<u>188,259</u>	<u>196,307</u>	<u>8,048</u>
Total revenues	<u>1,886,659</u>	<u>1,921,628</u>	<u>34,969</u>
Expenditures:			
Current -			
General government	1,031,050	983,749	47,301
Public safety	2,156,700	2,231,546	(74,846)
Public works	730,600	731,495	(895)
Health and welfare	24,000	23,454	546
Culture and recreation	461,700	445,436	16,264
Other	30,500	28,654	1,846
Capital outlay	-	7,604	(7,604)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,434,550</u>	<u>4,451,938</u>	<u>(17,388)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,547,891)</u>	<u>(2,530,310)</u>	<u>17,581</u>
Other financing sources (uses):			
Operating transfers in	2,345,000	2,185,644	(159,356)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,345,000</u>	<u>2,185,644</u>	<u>(159,356)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(202,891)	(344,666)	(141,775)
Fund balances, beginning	<u>461,996</u>	<u>461,996</u>	<u>-</u>
Fund balances, ending	<u>\$ 259,105</u>	<u>\$ 117,330</u>	<u>\$ (141,775)</u>

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ 3,157,000	\$ 3,147,283	\$ (9,717)	\$ 4,147,500	\$ 4,141,379	\$ (6,121)
-	-	-	360,000	384,002	24,002
190,200	203,711	13,511	438,100	477,170	39,070
5,000	5,056	56	15,000	15,724	724
-	-	-	90,000	63,096	(26,904)
50,585	54,892	4,307	50,585	54,892	4,307
-	-	-	188,259	196,307	8,048
<u>3,402,785</u>	<u>3,410,942</u>	<u>8,157</u>	<u>5,289,444</u>	<u>5,332,570</u>	<u>43,126</u>
129,400	105,031	24,369	1,160,450	1,088,780	71,670
94,989	152,276	(57,287)	2,251,689	2,383,822	(132,133)
66,500	73,856	(7,356)	797,100	805,351	(8,251)
-	-	-	24,000	23,454	546
100,000	111,491	(11,491)	561,700	556,927	4,773
-	-	-	30,500	28,654	1,846
811,800	730,063	81,737	811,800	737,667	74,133
61,000	61,391	(391)	61,000	61,391	(391)
<u>6,000</u>	<u>5,972</u>	<u>28</u>	<u>6,000</u>	<u>5,972</u>	<u>28</u>
<u>1,269,689</u>	<u>1,240,080</u>	<u>29,609</u>	<u>5,704,239</u>	<u>5,692,018</u>	<u>12,221</u>
<u>2,133,096</u>	<u>2,170,862</u>	<u>37,766</u>	<u>(414,795)</u>	<u>(359,448)</u>	<u>55,347</u>
-	-	-	2,345,000	2,185,644	(159,356)
<u>(2,273,000)</u>	<u>(2,166,669)</u>	<u>106,331</u>	<u>(2,273,000)</u>	<u>(2,166,669)</u>	<u>106,331</u>
<u>(2,273,000)</u>	<u>(2,166,669)</u>	<u>106,331</u>	<u>72,000</u>	<u>18,975</u>	<u>(53,025)</u>
(139,904)	4,193	144,097	(342,795)	(340,473)	2,322
<u>1,324,722</u>	<u>1,324,722</u>	<u>-</u>	<u>1,786,718</u>	<u>1,786,718</u>	<u>-</u>
<u>\$ 1,184,818</u>	<u>\$ 1,328,915</u>	<u>\$ 144,097</u>	<u>\$ 1,443,923</u>	<u>\$ 1,446,245</u>	<u>\$ 2,322</u>

CITY OF EUNICE, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Retained Earnings - All Proprietary Fund Types Year Ended June 30, 2001

	Enterprise Fund	Internal Service Fund	Totals (Memorandum Only)	
			2001	2000
Operating revenues:				
Charges for services	\$ 4,083,821	\$ 365,609	\$ 4,449,430	\$ 2,931,761
Other billings to customers	<u>74,358</u>	<u>-</u>	<u>74,358</u>	<u>46,392</u>
Total operating revenues	<u>4,158,179</u>	<u>365,609</u>	<u>4,523,788</u>	<u>2,978,153</u>
Operating expenses:				
Payroll and related benefits	395,893	303,330	699,223	660,466
Gas purchases	2,019,105	-	2,019,105	744,767
Supplies and materials	52,993	-	52,993	108,262
Repairs and maintenance	82,309	-	82,309	138,909
Office expenses	30,769	-	30,769	32,761
Professional fees	16,410	-	16,410	10,806
Interest	3,294	-	3,294	4,272
Insurance	115,154	-	115,154	103,063
Depreciation	354,822	-	354,822	382,484
Bad debts	51,762	-	51,762	9,000
Permits	9,883	-	9,883	10,355
Utilities and telephone	165,794	-	165,794	127,915
Miscellaneous	<u>6,661</u>	<u>-</u>	<u>6,661</u>	<u>19,659</u>
Total operating expenses	<u>3,304,849</u>	<u>303,330</u>	<u>3,608,179</u>	<u>2,352,719</u>
Operating income	<u>853,330</u>	<u>62,279</u>	<u>915,609</u>	<u>625,434</u>
Nonoperating income:				
Grant revenues	-	-	-	50,000
Interest earned on investments	24,497	4,362	28,859	16,167
Gain on sale of investments	540	-	540	1,530
Other income	<u>134,646</u>	<u>-</u>	<u>134,646</u>	<u>10,284</u>
Total nonoperating income	<u>159,683</u>	<u>4,362</u>	<u>164,045</u>	<u>77,981</u>
Income before operating transfers	<u>1,013,013</u>	<u>66,641</u>	<u>1,079,654</u>	<u>703,415</u>
Operating transfers:				
Operating transfers in	20,849	-	20,849	20,849
Operating transfers out	<u>(749,996)</u>	<u>-</u>	<u>(749,996)</u>	<u>(770,502)</u>
Total operating transfers	<u>(729,147)</u>	<u>-</u>	<u>(729,147)</u>	<u>(749,653)</u>
Net income (loss)	283,866	66,641	350,507	(46,238)
Retained earnings, beginning	<u>3,500,319</u>	<u>101,179</u>	<u>3,601,498</u>	<u>3,647,736</u>
Retained earnings, ending	<u>\$ 3,784,185</u>	<u>\$ 167,820</u>	<u>\$ 3,952,005</u>	<u>\$ 3,601,498</u>

The accompanying notes are an integral part of this statement.

CITY OF EUNICE, LOUISIANA

Combined Statement of Cash Flows - All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)	
			2001	2000
Cash flows from operating activities:				
Operating income	\$ 853,330	\$ 62,279	\$ 915,609	\$ 625,434
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	354,822	-	354,822	382,484
Provision for uncollectible accounts	40,000	-	40,000	4,000
Decrease in current assets:				
Accounts receivable	(52,978)	-	(52,978)	(14,864)
Other receivables	(563)	-	(563)	(791)
Prepaid items	(823)	-	(823)	(3,388)
Increase (decrease) in current liabilities:				
Accounts payable	(2,710)	-	(2,710)	(7,289)
Accrued liabilities	(102,956)	-	(102,956)	69,202
Due to other funds	(8,402)	-	(8,402)	4,702
Other payables	2,526	-	2,526	(253)
Customers' deposits	(1,335)	-	(1,335)	1,650
Net cash provided by operating activities	<u>1,080,911</u>	<u>62,279</u>	<u>1,143,190</u>	<u>1,060,887</u>
Cash flows from noncapital financing activities:				
Grant revenues	-	-	-	50,000
Operating transfers in from other funds	20,849	-	20,849	20,849
Operating transfers out to other funds	(749,996)	-	(749,996)	(770,502)
Net cash used by noncapital financing activities	<u>(729,147)</u>	<u>-</u>	<u>(729,147)</u>	<u>(699,653)</u>
Cash flows from capital and related financing activities:				
Acquisition of plant and equipment	(376,469)	-	(376,469)	(451,281)
Disposal of plant and equipment	540	-	540	1,530
Payments of capital lease	(17,555)	-	(17,555)	(16,577)
Other	134,646	-	134,646	10,284
Net cash used by capital and related financing activities	<u>(258,838)</u>	<u>-</u>	<u>(258,838)</u>	<u>(456,044)</u>
Cash flows from investing activities:				
Interest on investments	24,497	4,362	28,859	16,167
Purchase of investments	(65,890)	(162,820)	(228,710)	(285,628)
Proceeds from maturities of investments	191,317	94,311	285,628	236,761
Net cash provided (used) by investing activities	<u>149,924</u>	<u>(64,147)</u>	<u>85,777</u>	<u>(32,700)</u>
Net increase (decrease) in cash and cash equivalents	242,850	(1,868)	240,982	(127,510)
Cash and cash equivalents, beginning	<u>146,300</u>	<u>6,868</u>	<u>153,168</u>	<u>280,678</u>
Cash and cash equivalents, ending	<u>\$ 389,150</u>	<u>\$ 5,000</u>	<u>\$ 394,150</u>	<u>\$ 153,168</u>

The accompanying notes are an integral part of this statement.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant accounting policies:

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court is operated under the directorship of the Eunice City Judge who is an elected public official. Revenues are derived from court costs. The City cannot significantly influence operations nor does it have responsibility for fiscal management.

The Opelousas-Eunice Public Library is a joint venture between the cities of Opelousas and Eunice. The City of Eunice does not exercise significant influence over management or fiscal matters of the Library. A copy of the joint ventures separate financial statements can be obtained from the Opelousas-Eunice Public Library, P.O. Box 249, Opelousas, LA 70570.

Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental fund types are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary Fund Types

Proprietary funds which includes enterprise and internal service funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities are provided to outside parties or to other departments or agencies of the government.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Fiduciary Fund Types

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Account Groups

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following two account groups are not "funds".

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased.

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group shows only the measurement of financial position and is not involved with measurement of results of operations. Principal and interest payments on long-term liabilities (bank loans and capital lease obligations) are accounted for in the Debt Service Fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resource management focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, and intergovernmental revenues.

Fines and permit revenues and sales tax collections are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types, pension trust funds and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds, therefore, they are not included in this report.

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit, time deposits and investments in the Louisiana Asset Management Pool (LAMP), a local government investment pool. The bank balance of cash and investments is covered by federal depository insurance or by collateral held by the City's bank in the City's name.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	25 years

Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1st and lapse December 31st if not used.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

Long-term debt expected to be financed by governmental fund types is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund type operations are accounted for in those funds.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 2 LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2001, the City has cash and interest-bearing deposits (book balances) totaling \$3,501,855 as follows:

Demand deposits	\$ 2,010,565
Louisiana Asset Management Pool (LAMP)	683,969
Time deposits	<u>807,321</u>
Total	<u>\$ 3,501,855</u>

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2001, are secured as follows:

Bank balances	<u>\$ 2,817,886</u>
Federal deposit insurance	\$ 169,323
Pledged securities (Category 3)	<u>3,637,921</u>
Total	<u>3,807,244</u>
Excess	<u>\$ 989,358</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

The Louisiana Asset Management Pool (LAMP) is a non-profit corporation created under Louisiana Law. This corporation, created at the initiative of the Louisiana State Treasurer's Office and governed by a board of directors, allows units of local government to pool their cash balances as a means of increasing their rate of return on investments. LAMP invests only in securities and other obligations that are permissible under Louisiana law for municipalities and parishes; accordingly, these investments are restricted to securities issued, guaranteed or otherwise backed by the United States Government or one of its agencies, enterprises or instrumentalities. Since participation in LAMP constitutes a direct investment in the assets constituting the pool, there are no specific collateralization requirements; accordingly, these cash equivalents are considered uncollateralized under the provisions of GASB Codification 150.163(b).

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 4 RECEIVABLES

Receivables at June 30, 2001, consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$ 3,752	\$ 708	\$ -	\$ -	\$ 4,460
Accounts	-	-	-	330,571	330,571
Other	<u>3,603</u>	<u>-</u>	<u>622</u>	<u>1,354</u>	<u>5,579</u>
Gross receivables	7,355	708	622	331,925	340,610
Less: allowance for uncollectibles	<u>750</u>	<u>142</u>	<u>-</u>	<u>67,000</u>	<u>67,892</u>
Net total receivables	<u>\$ 6,605</u>	<u>\$ 566</u>	<u>\$ 622</u>	<u>\$ 264,925</u>	<u>\$ 272,718</u>

Accounts receivable in the Enterprise Fund consists of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed on the 18th for meters read from the 1st through the 15th. Cycle 2 is billed on the 3rd for meters read the 16th through 24th of the previous month. Billed receivables at June 30, 2001 were \$219,941 and unbilled receivables were \$110,630.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2001, taxes of 13.29 mills were levied on property with an assessed valuation totaling \$39,711,900 and were dedicated as follows:

General corporate tax	6.65 mills
Street maintenance	4.53 mills
Sewer maintenance	2.11 mills

Total taxes levied were \$514,513. Taxes receivable at June 30, 2001, were \$3,568.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 5 FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land and buildings	\$ 5,911,905	\$ -	\$ -	\$ 5,911,905
Industrial facilities	1,159,648	-	-	1,159,648
Autos and equipment	<u>2,031,267</u>	<u>195,352</u>	<u>39,820</u>	<u>2,186,799</u>
	<u>\$ 9,102,820</u>	<u>\$ 195,352</u>	<u>\$ 39,820</u>	<u>\$ 9,258,352</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2001:

	Cost
Gas system	\$ 5,065,868
Sewage system	7,922,967
Autos and trucks	76,603
Equipment	354,882
Meters and regulators	<u>443,970</u>
	13,864,290
Accumulated depreciation	<u>(5,564,171)</u>
Total	<u>\$ 8,300,119</u>

NOTE 6 LONG-TERM DEBT

The following is a summary of debt transactions of the City of Eunice for the year ended June 30, 2001:

	June 30, 2000	Additions	Retirements	June 30, 2001
State loan	\$ 108,086	\$ -	\$ 108,086	\$ -
General obligations bonds	2,290,000	-	580,000	1,710,000
Capital leases, sales tax fund	145,115	-	57,044	88,071
Other - liability insurance claims payable	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>\$ 2,543,201</u>	<u>\$ 3,000</u>	<u>\$ 745,130</u>	<u>\$ 1,801,071</u>

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (Continued)

Bonds payable at June 30, 2001, is comprised of the following individuals issues:

General Obligation Bonds (secured by proceeds of a 2.2% sales and use tax):

Public Improvements Bonds, Series ST-1978 refunded as Series St-1992, dated 1/1/78, original issue of \$3,000,000, reitred annually invarious installment amounts, bearing interest at 5.6% to 6.0% per annum, final maturity at 1/1/03	\$ 475,000
Public Improvements Bonds, Series ST-1992, dated 9/1/92, original issue of \$2,190,000, retired annually in various installment amounts, bearing interest at 4.75% to 6% per annum, final maturity at 1/1/03	<u>630,000</u>
Total Public Improvements Bonds, Series, ST-1992	<u>1,105,000</u>
Public Improvements Bonds, Series ST-1997, dated 5/1/97, original issue of \$810,000, retired annually in various installment amounts, bearing interest at 4.10% to 5.40% per annu, final maturity at 7/1/08	<u>605,000</u>
	<u>\$ 1,710,000</u>
Capital lease:	
Purchase of equipment under capital lease in the amount of \$152,909 payable with a downpayment of \$2,197 and 60 monthly installments of \$2,841, including interest, payable from the Sales Tax Fund	<u>\$ 88,071</u>

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2001, including interest payments of \$200,751 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation</u>	<u>Capital Leases</u>	<u>Total</u>
2002	\$ 691,056	\$ 34,092	\$ 725,148
2003	689,495	34,092	723,587
2004	103,720	19,887	123,607
2005	104,720	-	104,720
2006	105,385	-	105,385
Thereafter	<u>216,375</u>	<u>-</u>	<u>216,375</u>
	<u>\$ 1,910,751</u>	<u>\$ 88,071</u>	<u>\$ 1,998,822</u>

The Debt Service Fund has \$1,160,642 available as of June 30, 2001 to service these debts.

NOTE 7 FLOW OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.2% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978, are dedicated as follows:

Under the terms of the bond indentures, all monies collected are deposited into a separate account.

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds.

A reserve fund is established by monthly transfers from the sales tax fund until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

Proceeds of the 1% sales and use levied in 1962 are dedicated as follows:

Under the terms of the bond indentures, all monies collected are deposited into a separate account.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 7 FLOW OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds.

A reserve fund is established by monthly transfers from the sales tax fund until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund may be used for:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for the public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Under the terms of the Bond Indenture for the Public Improvement Bond, ST-1988, all monies collected are deposited into a sales tax fund account.

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds, in amounts equal to one-sixth of the interest and one-twelfth of the bonds becoming due in the next maturity.

A reserve fund is established by monthly transfers from the sales tax fund of \$1,000 until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 8 PENSION COST

Municipal Employees' Retirement System

Membership in the retirement system is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. However, new employees over 60 years of age and employees covered by another retirement system are not eligible. Employees are eligible to retire at any age with thirty or more years of creditable service or age 55 with twenty-five years of creditable service. Creditable service means all periods of time for which credit is allowed towards any benefits. Upon retirement, members are entitled to a retirement benefit, payable monthly in an amount equal to three percent of the member's final compensation multiplied by years of creditable service, provided however, that: (1) any member who has held an elective office in a municipality which is a participating employer shall be paid an additional annuity equal to one-half of one percent for each year of such elected service, (2) for any employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision date shall be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation of each year of service credited after the revision date; and (3) the benefit of the Section shall not exceed one hundred percent of a member's final salary.

Final compensation means the average monthly earnings during the highest thirty-six months or joined months if service has interrupted. Final salary means the average monthly earnings of a member during the twelve month period immediately preceding his death or the establishment of Plan A. The System also provides death and disability benefits which require five years of creditable service for eligibility.

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System
- Louisiana State Employees' Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen, policemen, and judges which are covered under the Firefighters' Retirement System, Municipal Police Employees' Retirement System, and Louisiana State Employees' Retirement System, respectively. Details concerning these plans follow:

Municipal Employees' Retirement System of Louisiana

Plan description:

The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 8 PENSION COST (Continued)

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 2001 was \$73,872, equal to the required contributions for the year.

State of Louisiana - Municipal Police Employees' Retirement System

Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS).

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employee's Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employee's Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, LA 70809-9095.

Funding policy:

Plan members are required to contribute 7.5% of their annual covered salary and the City is required to contribute 9.0% as established by the state statute. The City's contributions to the System for the year ended June 30, 2001 was \$70,782, equal to the required contributions for the year.

State of Louisiana - Firefighters' Retirement System

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 8 PENSION COST (Continued)

Plan description:

The Firefighters' Retirement System (the System) is a cost-sharing multiple-employer public employee retirement system (PERS), as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another public funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credit service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighter's Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighter's Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

Funding policy:

Plan members are required to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the year ended June 30, 2001 was \$37,536, equal to the required contributions for each year.

Louisiana State Employees' Retirement System

The City Judge is a member of the Louisiana State Employees' Retirement System. Under the plan, the Judge contributes 11.5% and the City contributes 13% of the Judge's compensation. The City's contribution for the current year amounted to \$2,238.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 9 INTERFUND RECEIVABLES, PAYABLES

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,023	\$ 108,536
Special Revenue Funds -		
Sales Tax Fund	171,017	-
Court Witness Fees Fund	226	-
Law Enforcement Block Grant	-	1,353
Criminal Task Force Grant	-	14,257
Enterprise Fund -		
Utility Fund	824	3,188
Fiduciary Fund -		
Payroll Fund	36,087	-
Debt Service -		
Public Improvement Bonds (ST-1978) Fund	-	82,843
	<u>\$ 210,177</u>	<u>\$ 210,177</u>

NOTE 10 RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets applicable to customers' deposits at June 30, 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Customers' deposits:		
Cash	\$ 46,783	\$ 43,431
Investments, at cost	<u>198,581</u>	<u>191,317</u>
	<u>\$ 245,364</u>	<u>\$ 234,748</u>

NOTE 11 OPERATING LEASE

The City is committed under various two year and three year leases for vehicles. The leases are considered for accounting purposes to be operating leases. Total lease expenditures for the year ended June 30, 2001 and 2000, amounted to \$36,922 and \$25,113, respectively. Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2002	\$ 33,995
2003	<u>17,581</u>
	<u>\$ 51,576</u>

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 12 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the years ended June 30, 2001 and 2000 were as follows:

	Gas Department		Sewer Department	
	2001	2000	2001	2000
Operating Revenues	\$ 2,993,942	\$ 1,516,617	\$ 1,164,237	\$ 1,170,244
Operating Expenses	<u>2,570,935</u>	<u>1,274,203</u>	<u>733,914</u>	<u>830,383</u>
Operating Income	<u>\$ 423,007</u>	<u>\$ 242,414</u>	<u>\$ 430,323</u>	<u>\$ 339,861</u>

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2001, the Gas and Sewer Utilities provided services to 4,137 and 4,556 customers, respectively.

NOTE 13 SELF INSURANCE FUND

The City has established a risk management program for its group health and life insurance coverage and accounts for its in the Group Insurance Fund, an Internal Service Fund. This program provides employees and their dependents health benefits up to \$2,500,000 in a lifetime maximum. The City purchases commercial insurance for claims in excess of \$10,000 per individual per year of coverage provided by the program.

The City adopted the provisions of GASB Statement Number 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." Funds of the City participate in the program and make payments to the Group Insurance Fund based on premiums needed to pay prior and current year claims, administrative cost, and commercial insurance premiums. GASB Statement Number 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The net claims liability at June 30, 2001 is \$-0-.

NOTE 14 LEASE AGREEMENT

The City of Eunice has renewed a lease agreement with Louisiana Sewn Products, Inc. for the lease of the Jantzen building at \$4,000 per month.

NOTE 15 FUND BALANCE DEFICIT

The Criminal Task Force Grant Fund and the Law Enforcement Block Grant Fund have fund balance deficits of \$20,707 and \$1,353, respectively, for the year ended June 30, 2001.

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF EUNICE, LOUISIANA
General Fund

Comparative Balance Sheets
June 30, 2001 and 2000

ASSETS

	<u>2001</u>	<u>2000</u>
Cash	\$ 199,089	\$ 547,011
Ad valorem taxes receivable (net of allowance for uncollectible taxes of \$750 at 2001 and \$577 at 2000)	3,002	2,308
Other receivables	3,603	1,828
Due from other funds	2,023	-
Due from other governmental units	90,950	87,572
Prepaid items	<u>72,457</u>	<u>77,035</u>
Total assets	<u>\$ 371,124</u>	<u>\$ 715,754</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$ 73,745	\$ 57,288
Accrued liabilities	71,513	73,629
Deferred revenue	-	17,370
Due to other funds	<u>108,536</u>	<u>105,471</u>
Total liabilities	<u>253,794</u>	<u>253,758</u>
Fund balance:		
Reserved for prepaid items	72,457	77,035
Unreserved, undesignated	<u>44,873</u>	<u>384,961</u>
	<u>117,330</u>	<u>461,996</u>
Total liabilities and fund balance	<u>\$ 371,124</u>	<u>\$ 715,754</u>

CITY OF EUNICE, LOUISIANA
General Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (GAAP Basis) and Actual
Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	2001		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2000
Revenues:				
Taxes	\$ 990,500	\$ 994,096	\$ 3,596	\$ 883,908
Licenses and permits	360,000	384,002	24,002	389,941
Intergovernmental revenues	247,900	273,459	25,559	338,003
Fines and forfeitures	10,000	10,668	668	15,105
Liberty Cajun Music Show	90,000	63,096	(26,904)	132,070
Miscellaneous	<u>188,259</u>	<u>196,307</u>	<u>8,048</u>	<u>191,119</u>
Total revenues	<u>1,886,659</u>	<u>1,921,628</u>	<u>34,969</u>	<u>1,950,146</u>
Expenditures:				
Current -				
General government	1,031,050	983,749	47,301	947,439
Public safety	2,156,700	2,231,546	(74,846)	2,144,298
Public works	730,600	731,495	(895)	877,219
Health and welfare	24,000	23,454	546	23,775
Culture and recreation	461,700	445,436	16,264	452,918
Other	30,500	28,654	1,846	28,391
Capital outlay	-	<u>7,604</u>	<u>(7,604)</u>	-
Total expenditures	<u>4,434,550</u>	<u>4,451,938</u>	<u>(17,388)</u>	<u>4,474,040</u>
Deficiency of revenues over expenditures	<u>(2,547,891)</u>	<u>(2,530,310)</u>	<u>17,581</u>	<u>(2,523,894)</u>
Other financing sources (uses):				
Operating transfers in	2,345,000	2,185,644	(159,356)	2,200,564
Operating transfers out	-	-	-	(5,750)
Total other financing sources	<u>2,345,000</u>	<u>2,185,644</u>	<u>(159,356)</u>	<u>2,194,814</u>
Deficiency of revenues and other sources over expenditures and other uses	(202,891)	(344,666)	(141,775)	(329,080)
Fund balance, beginning	<u>461,996</u>	<u>461,996</u>	-	<u>791,076</u>
Fund balance, ending	<u>\$ 259,105</u>	<u>\$ 117,330</u>	<u>\$ (141,775)</u>	<u>\$ 461,996</u>

CITY OF EUNICE, LOUISIANA
General Fund

Statement of Revenues and Other Sources
Compared to Budget (GAAP Basis)
Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	2001		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2000
Revenues:				
Taxes -				
Property taxes	\$ 430,000	\$ 432,826	\$ 2,826	\$ 395,733
Interest and penalty	13,000	12,985	(15)	15,725
Franchise fees	547,500	548,285	785	472,450
Licenses and permits -				
Occupational licenses	320,000	349,830	29,830	353,961
Liquor licenses	20,000	18,371	(1,629)	18,120
Building permit fees	20,000	15,801	(4,199)	17,860
Intergovernmental revenues -				
Grant revenue	26,600	23,003	(3,597)	30,739
Video poker	94,000	117,425	23,425	110,509
Tobacco tax	14,000	13,603	(397)	54,412
Beer tax	25,000	22,193	(2,807)	27,603
Correction receipts	40,000	47,973	7,973	40,273
Housing authority payment in lieu of tax	27,300	27,094	(206)	32,807
Fire insurance tax	21,000	22,168	1,168	41,660
Fines and forfeits -				
Court fines	10,000	10,668	668	15,105
Liberty Cajun Music Show	90,000	63,096	(26,904)	132,070
Miscellaneous	179,759	187,807	8,048	183,714
Fireworks donations	8,500	8,500	-	7,405
Total revenues	<u>1,886,659</u>	<u>1,921,628</u>	<u>34,969</u>	<u>1,950,146</u>
Other financing sources:				
Transfers from -				
Operating transfer in	<u>2,345,000</u>	<u>2,185,644</u>	<u>(159,356)</u>	<u>2,200,564</u>
Total revenues and other sources	<u>\$ 4,231,659</u>	<u>\$ 4,107,272</u>	<u>\$ (124,387)</u>	<u>\$ 4,150,710</u>

CITY OF EUNICE, LOUISIANA
General Fund

Statement of Expenditures and Other Uses
Compared to Budget (GAAP Basis)
Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	2001		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2000
General government:				
Advertising	\$ 20,000	\$ 13,542	\$ 6,458	\$ 13,697
City Court	78,000	79,202	(1,202)	70,551
City Hall maintenance	40,000	38,266	1,734	24,672
Civil Service Board	1,800	1,436	364	2,250
Coroner	9,000	9,881	(881)	2,100
Drug testing	500	377	123	364
Dues	6,800	6,761	39	5,437
General insurance	30,500	27,926	2,574	32,832
Group insurance	98,000	103,738	(5,738)	90,920
Industrial inducement	4,000	3,600	400	10,347
Juvenile detention	25,000	28,178	(3,178)	24,177
Main Street Program expense	-	3,572	(3,572)	6,115
Materials and supplies	33,000	28,211	4,789	34,420
Office expenses	15,000	9,081	5,919	13,333
Other	68,150	53,254	14,896	10,145
Payroll taxes	29,700	32,655	(2,955)	33,868
Professional fees	37,000	39,184	(2,184)	28,261
Salaries	310,000	306,388	3,612	313,736
Street lighting	120,000	121,060	(1,060)	101,224
Tax roll preparation	8,600	7,239	1,361	8,418
Travel and meetings	15,000	12,834	2,166	17,586
Union Pacific train derailment expense	-	3,552	(3,552)	32,637
Utilities and telephone	80,000	81,235	(1,235)	69,597
Zoning Board	1,000	755	245	752
Total government	<u>1,031,050</u>	<u>1,011,927</u>	<u>19,123</u>	<u>947,439</u>
Public safety:				
Police -				
Drug testing	1,000	799	201	365
General insurance	97,000	123,256	(26,256)	156,001
Group insurance	116,000	114,516	1,484	101,315
Jail expense	60,000	61,718	(1,718)	89,476
Other	46,000	41,625	4,375	37,820
Payroll taxes	12,500	12,674	(174)	10,311
Retirement and pension	139,400	141,759	(2,359)	138,969
Salaries	890,000	933,014	(43,014)	893,142
Supplies and materials	47,500	47,294	206	30,366
Telephone and utilities	10,000	9,726	274	8,247
Training	10,000	8,139	1,861	4,537
Transportation	<u>113,000</u>	<u>115,146</u>	<u>(2,146)</u>	<u>79,655</u>
Total police	<u>1,542,400</u>	<u>1,609,666</u>	<u>(67,266)</u>	<u>1,550,204</u>

(Continued)

CITY OF EUNICE, LOUISIANA
General Fund

Statement of Expenditures and Other Uses
Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 2001

With Comparative Actual Amounts for the Year Ended June 30, 2000

	Budget	Actual	Variance - Favorable (Unfavorable)	2000
Fire -				
Drug testing	300	146	154	168
General insurance	61,000	58,749	2,251	61,121
Group insurance	50,000	48,484	1,516	46,766
Other	6,600	2,320	4,280	2,400
Payroll taxes	34,000	33,951	49	24,623
Repairs and maintenance	5,000	22,227	(17,227)	15,828
Salaries	380,000	372,437	7,563	395,063
Supplies and materials	18,500	15,447	3,053	14,829
Telephone and utilities	17,000	16,015	985	10,424
Transportation	26,000	7,216	18,784	4,913
Travel and meetings	900	696	204	450
Volunteer firemen	15,000	16,014	(1,014)	17,509
Total fire	<u>614,300</u>	<u>593,702</u>	<u>20,598</u>	<u>594,094</u>
Total public safety	<u>2,156,700</u>	<u>2,203,368</u>	<u>(46,668)</u>	<u>2,144,298</u>
Public works:				
Streets -				
Drug testing	800	717	83	542
General insurance	82,000	91,980	(9,980)	122,236
Group insurance	45,000	44,993	7	36,500
Other	21,500	19,438	2,062	13,250
Payroll taxes	27,500	5,914	21,586	7,373
Repairs and maintenance	87,000	87,582	(582)	153,212
Salaries	390,000	402,026	(12,026)	487,894
Signs and materials	63,000	63,633	(633)	49,345
Total streets	<u>716,800</u>	<u>716,283</u>	<u>517</u>	<u>870,352</u>
Sanitation -				
Vehicles and equipment maintenance	13,800	11,411	2,389	6,867
Other	-	3,801	(3,801)	-
Total sanitation	<u>13,800</u>	<u>15,212</u>	<u>(1,412)</u>	<u>6,867</u>
Total public works	<u>730,600</u>	<u>731,495</u>	<u>(895)</u>	<u>877,219</u>
Health and welfare:				
Animal control	<u>24,000</u>	<u>23,454</u>	<u>546</u>	<u>23,775</u>

(Continued)

CITY OF EUNICE, LOUISIANA
General Fund

Statement of Expenditures and Other Uses
Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 2001

With Comparative Actual Amounts for the Year Ended June 30, 2000

	Budget	Actual	Variance - Favorable (Unfavorable)	2000
Culture and recreation:				
Contract labor	70,000	50,249	19,751	64,114
Festival expenses	1,200	1,183	17	2,740
General insurance	4,000	5,632	(1,632)	5,509
Group insurance	8,500	4,009	4,491	4,184
July 4th fireworks	8,500	8,500	-	7,500
Liberty Cajun Music Show and Liberty Cultural Association	80,000	119,506	(39,506)	109,160
Library maintenance	18,700	16,899	1,801	14,160
Maintenance	45,500	18,872	26,628	20,291
Museum	36,900	34,326	2,574	32,522
Neighborhood centers	121,500	117,524	3,976	131,990
Other	10,400	13,279	(2,879)	8,925
Salaries and payroll taxes	28,500	19,785	8,715	22,444
Supplies	8,000	8,105	(105)	10,257
Telephone and utilities	20,000	21,225	(1,225)	19,122
Threshold of Hope	-	6,342	(6,342)	-
Total culture and recreation	<u>461,700</u>	<u>445,436</u>	<u>16,264</u>	<u>452,918</u>
Other:				
Airport expenditures	<u>30,500</u>	<u>28,654</u>	<u>1,846</u>	<u>28,391</u>
Capital outlay	<u>-</u>	<u>7,604</u>	<u>(7,604)</u>	<u>-</u>
Total expenditures	4,434,550	4,451,938	(17,388)	4,474,040
Other financing uses:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,750</u>
Total expenditures and other uses	<u>\$ 4,434,550</u>	<u>\$ 4,451,938</u>	<u>\$ (17,388)</u>	<u>\$ 4,479,790</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

SALES TAX FUND

To account for the receipt and use of proceeds of the City's 2.2% sales and use tax.

SEWER MAINTENANCE FUND

To account for the receipt and use of proceeds of a 2.26 mill ad valorem tax.

ST. LANDRY & ACADIA PARISH FIRE DISTRICT

To account for receipt and expenditures associated with the joint fire fighting effort.

DEDICATED ESCROW FUND

To account for the payment of small liability claims of the City.

PUBLIC SAFETY TESTING FUND

To account for the receipt and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.

COURT APPEARANCE BOND FUND

To account for the receipt and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

WITNESS FEES FUND

To account for the receipt and expenditures associated with witness fees collected by City Court.

CRIMINAL TASK FORCE GRANT

To account for the receipts and expenditures associated with funds received from the United States Department of Justice for the purchase of police equipment and payment of overtime for police officers.

LAW ENFORCEMENT BLOCK GRANT

To account for the receipt and expenditures associated with funds received from the Bureau of Justice for the hiring of non-administrative law enforcement officers and support personnel.

CITY OF EUNICE, LOUISIANA
All Special Revenue Funds

Combining Balance Sheet
June 30, 2001
With Comparative Actual Totals for June 30, 2000

	Sales Tax Fund	Sewer Maintenance Fund	St. Landry & Acadia Parish Fire District	Dedicated Escrow Fund
ASSETS				
Cash	\$ 805,029	\$ 56,069	\$ 22,781	\$ -
Investments, at cost	353,617	-	-	-
Ad valorem taxes receivable (net of allowance for uncollectible taxes of \$142)	-	566	-	-
Other receivables	-	-	-	-
Due from other funds	171,017	-	-	-
Prepaid items	<u>19,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,349,086</u>	<u>\$ 56,635</u>	<u>\$ 22,781</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13,235	\$ -	\$ -	\$ -
Accrued liabilities	73,549	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>86,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):				
Reserved for prepaid items	19,423	-	-	-
Unserved, undesignated	<u>1,242,879</u>	<u>56,635</u>	<u>22,781</u>	<u>-</u>
Total fund balances (deficits)	<u>1,262,302</u>	<u>56,635</u>	<u>22,781</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,349,086</u>	<u>\$ 56,635</u>	<u>\$ 22,781</u>	<u>\$ -</u>

Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Criminal Task Force Grant	Law Enforcement Block Grant	Totals	
					2001	2000
\$ 4,363	\$ 3,433	\$ 1,587	\$ 29,747	\$ -	\$ 923,009	\$ 916,999
-	-	-	-	-	353,617	335,365
-	-	-	-	-	566	508
-	-	-	-	-	-	-
-	-	226	-	-	171,243	172,234
-	-	-	-	-	19,423	-
<u>\$ 4,363</u>	<u>\$ 3,433</u>	<u>\$ 1,813</u>	<u>\$ 29,747</u>	<u>\$ -</u>	<u>\$ 1,467,858</u>	<u>\$ 1,425,106</u>
\$ -	\$ 352	\$ -	\$ 6,450	\$ -	\$ 20,037	\$ 266
-	-	-	-	-	73,549	80,463
-	-	-	14,257	1,353	15,610	19,539
-	-	-	29,747	-	29,747	-
-	352	-	50,454	1,353	138,943	100,268
-	-	-	-	-	19,423	-
<u>4,363</u>	<u>3,081</u>	<u>1,813</u>	<u>(20,707)</u>	<u>(1,353)</u>	<u>1,309,492</u>	<u>1,324,838</u>
<u>4,363</u>	<u>3,081</u>	<u>1,813</u>	<u>(20,707)</u>	<u>(1,353)</u>	<u>1,328,915</u>	<u>1,324,838</u>
<u>\$ 4,363</u>	<u>\$ 3,433</u>	<u>\$ 1,813</u>	<u>\$ 29,747</u>	<u>\$ -</u>	<u>\$ 1,467,858</u>	<u>\$ 1,425,106</u>

CITY OF EUNICE, LOUISIANA
All Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2001

With Comparative Actual Totals for June 30, 2000

	Sales Tax Fund	Sewer Maintenance Fund	St. Landry & Acadia Parish Fire District	Dedicated Escrow Fund
Revenues:				
Taxes	\$ 3,065,596	\$ 81,687	\$ -	\$ -
Intergovernmental revenues	87,726	-	94,011	-
Fines, forfeitures and bonds	-	-	-	-
Interest	51,950	1,074	839	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,205,272</u>	<u>82,761</u>	<u>94,850</u>	<u>-</u>
Expenditures:				
Current -				
General government	98,248	-	-	-
Public safety	-	-	89,025	389
Public works	-	73,856	-	-
Health and welfare	-	-	-	-
Culture and recreation	111,491	-	-	-
Capital outlay	730,063	-	-	-
Debt service -				
Principal retirement	61,391	-	-	-
Interest charges	<u>5,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,007,165</u>	<u>73,856</u>	<u>89,025</u>	<u>389</u>
Excess (deficiency) of revenues over expenditures	<u>2,198,107</u>	<u>8,905</u>	<u>5,825</u>	<u>(389)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(2,166,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(2,166,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	31,438	8,905	5,825	(389)
Fund balances (deficits), beginning	<u>1,230,864</u>	<u>47,730</u>	<u>16,956</u>	<u>389</u>
Fund balances (deficits), ending	<u>\$ 1,262,302</u>	<u>\$ 56,635</u>	<u>\$ 22,781</u>	<u>\$ -</u>

Public Safety Testing Fund	Court Appearance Bond Fund	Witness Fees Fund	Criminal Task Force Grant	Law Enforcement Block Grant	Totals	
					2001	2000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,147,283	\$ 2,956,626
3,713	-	7,119	11,142	-	203,711	196,414
-	5,056	-	-	-	5,056	4,906
66	-	13	496	454	54,892	33,294
-	-	-	-	-	-	25,849
<u>3,779</u>	<u>5,056</u>	<u>7,132</u>	<u>11,638</u>	<u>454</u>	<u>3,410,942</u>	<u>3,217,089</u>
-	-	6,783	-	-	105,031	143,933
2,894	3,947	-	18,088	37,933	152,276	133,822
-	-	-	-	-	73,856	76,287
-	-	-	-	-	-	12,042
-	-	-	-	-	111,491	102,755
-	-	-	-	-	730,063	591,705
-	-	-	-	-	61,391	46,014
-	-	-	-	-	5,972	9,678
<u>2,894</u>	<u>3,947</u>	<u>6,783</u>	<u>18,088</u>	<u>37,933</u>	<u>1,240,080</u>	<u>1,116,236</u>
<u>885</u>	<u>1,109</u>	<u>349</u>	<u>(6,450)</u>	<u>(37,479)</u>	<u>2,170,862</u>	<u>2,100,853</u>
-	-	-	-	-	-	5,750
-	-	-	-	-	(2,166,669)	(2,134,711)
-	-	-	-	-	(2,166,669)	(2,128,961)
885	1,109	349	(6,450)	(37,479)	4,193	(28,108)
<u>3,478</u>	<u>1,972</u>	<u>1,464</u>	<u>(14,257)</u>	<u>36,126</u>	<u>1,324,722</u>	<u>1,352,946</u>
<u>\$ 4,363</u>	<u>\$ 3,081</u>	<u>\$ 1,813</u>	<u>\$ (20,707)</u>	<u>\$ (1,353)</u>	<u>\$ 1,328,915</u>	<u>\$ 1,324,838</u>

CITY OF EUNICE, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Year Ended June 30, 2001

With Comparative Actual Totals for June 30, 2000

	2001		Variance -	
	Budget	Actual	Favorable (Unfavorable)	2000
Revenues:				
Taxes	\$ 3,157,000	\$ 3,147,283	\$ (9,717)	\$ 2,956,626
Intergovernmental revenues	190,200	203,711	13,511	196,414
Fines and bonds	5,000	5,056	56	4,906
Interest	50,585	54,892	4,307	33,294
Miscellaneous	-	-	-	25,849
Total revenues	<u>3,402,785</u>	<u>3,410,942</u>	<u>8,157</u>	<u>3,217,089</u>
Expenditures:				
Current -				
General government	136,789	105,031	31,758	143,933
Public safety	118,726	152,276	(33,550)	133,822
Public works	66,500	73,856	(7,356)	76,287
Health and welfare	-	-	-	12,042
Culture and recreation	100,000	111,491	(11,491)	102,755
Capital outlay	811,800	730,063	81,737	591,705
Debt service -				
Principal retirement	61,000	61,391	(391)	46,014
Interest charges	<u>6,000</u>	<u>5,972</u>	<u>28</u>	<u>9,678</u>
Total expenditures	<u>1,300,815</u>	<u>1,240,080</u>	<u>60,735</u>	<u>1,116,236</u>
Excess of revenues over expenditures	<u>2,101,970</u>	<u>2,170,862</u>	<u>68,892</u>	<u>2,100,853</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	5,750
Operating transfers out	<u>(2,273,000)</u>	<u>(2,166,669)</u>	<u>106,331</u>	<u>(2,134,711)</u>
Total other financing uses	<u>(2,273,000)</u>	<u>(2,166,669)</u>	<u>106,331</u>	<u>(2,128,961)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(171,030)	4,193	175,223	(28,108)
Fund balances, beginning	<u>1,324,722</u>	<u>1,324,722</u>	<u>-</u>	<u>1,352,946</u>
Fund balances, ending	<u>\$ 1,153,692</u>	<u>\$ 1,328,915</u>	<u>\$ 175,223</u>	<u>\$ 1,324,838</u>

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of principal and interest on general obligation bonds.

PUBLIC IMPROVEMENT BONDS

To accumulate monies for the retirement of \$5,485,000 of bonds due in various installments and interest rates for various public improvements and financed by proceeds of sales and use taxes.

STATE LOAN

To accumulate monies for the payment of \$200,000 loan from Louisiana Economic Development Corporation used to purchase a manufacturing facility. This loan was paid off August 23, 2000.

CITY OF EUNICE, LOUISIANA
Debt Service Funds

Combining Balance Sheet
June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	Improvement Bonds		State	Totals	
	Series ST-1997	Series ST-1992	Loan	2001	2000
ASSETS					
Bond and interest redemption funds:					
Cash and cash equivalents	\$ 17,862	\$ 328,943	\$ 47,313	\$ 394,118	\$ 515,533
Bond reserve funds:					
Investments, at cost	122,243	690,972	73,268	886,483	741,528
Other receivables	<u>-</u>	<u>622</u>	<u>-</u>	<u>622</u>	<u>-</u>
Total assets	<u>\$ 140,105</u>	<u>\$ 1,020,537</u>	<u>\$ 120,581</u>	<u>\$ 1,281,223</u>	<u>\$ 1,257,061</u>
LIABILITIES AND FUND BALANCES					
Due to other funds	\$ 82,843	\$ -	\$ -	\$ 82,843	\$ 82,843
Fund balances:					
Reserved for debt service	<u>57,262</u>	<u>1,020,537</u>	<u>120,581</u>	<u>1,198,380</u>	<u>1,174,218</u>
Total liabilities and fund balances	<u>\$ 140,105</u>	<u>\$ 1,020,537</u>	<u>\$ 120,581</u>	<u>\$ 1,281,223</u>	<u>\$ 1,257,061</u>

CITY OF EUNICE, LOUISIANA
Debt Service Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	Public Improvement Bonds		State Loan	Totals	
	Series ST-1977	Series ST-1992		2001	2000
Revenues:					
Interest	\$ 9,200	\$ 59,606	\$ 5,902	\$ 74,708	\$ 49,556
Miscellaneous -					
Industrial lease payments	-	-	44,000	44,000	48,000
Total revenues	9,200	59,606	49,902	118,708	97,556
Expenditures -					
Debt service:					
Principal retirement	70,000	510,000	108,086	688,086	554,473
Interest paid	34,178	81,005	1,019	116,202	155,085
Paying agent fees	-	430	-	430	553
Total expenditures	104,178	591,435	109,105	804,718	710,111
Deficiency of revenues over expenditures	(94,978)	(531,829)	(59,203)	(686,010)	(612,555)
Other financing sources (uses):					
Operating transfers in	104,172	606,000	-	710,172	700,291
Operating transfers out	-	-	-	-	(16,491)
Total other financing sources	104,172	606,000	-	710,172	683,800
Excess (deficiency) of revenues and other sources over expenditures and other uses	9,194	74,171	(59,203)	24,162	71,245
Fund balances, beginning	48,068	946,366	179,784	1,174,218	1,102,973
Fund balances, ending	\$ 57,262	\$ 1,020,537	\$ 120,581	\$ 1,198,380	\$ 1,174,218

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

CITY HALL CONSTRUCTION FUND

This fund is used to account for expenditures associated with the maintenance of the Eunice Municipal Complex.

LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT FUND (LCDBG)

This fund is used to account for expenditures associated with street improvements financed by a grant from HUD.

CITY OF EUNICE, LOUISIANA
Capital Project Funds

Combining Balance Sheet
June 30, 2001
With Comparative Totals for the Year Ended June 30, 2000

	City Hall Construction Fund	LCDBG Fund	Totals	
			2001	2000
ASSETS				
Cash	\$ 48,177	\$ -	\$ 48,177	\$ -
Investments, at cost	<u>52,608</u>	<u>-</u>	<u>52,608</u>	<u>147,291</u>
Total assets	<u>\$ 100,785</u>	<u>\$ -</u>	<u>\$ 100,785</u>	<u>\$ 147,291</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 2,471	\$ -	\$ 2,471	\$ 2,085
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>832</u>
Total liabilities	<u>2,471</u>	<u>-</u>	<u>2,471</u>	<u>2,917</u>
Fund balances:				
Unreserved, undesignated	<u>98,314</u>	<u>-</u>	<u>98,314</u>	<u>144,374</u>
Total liabilities and fund balances	<u>\$ 100,785</u>	<u>\$ -</u>	<u>\$ 100,785</u>	<u>\$ 147,291</u>

CITY OF EUNICE, LOUISIANA
Capital Project Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
June 30, 2001
With Comparative Totals for the Year Ended June 30, 2000

	City Hall Construction Fund	LCDBG Fund	Totals	
			2001	2000
Revenues:				
Intergovernmental revenues -				
Grant revenue	\$ -	\$ -	\$ -	\$ 243,069
Interest	<u>6,147</u>	<u>-</u>	<u>6,147</u>	<u>5,239</u>
Total revenues	<u>6,147</u>	<u>-</u>	<u>6,147</u>	<u>248,308</u>
Expenditures:				
Current -				
Other	53,039	-	53,039	44,152
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,105</u>
Total expenditures	<u>53,039</u>	<u>-</u>	<u>53,039</u>	<u>287,257</u>
Deficiency of revenues over expenditures	(46,892)	-	(46,892)	(38,949)
Other financing soources:				
Operating transfers in	<u>-</u>	<u>832</u>	<u>832</u>	<u>-</u>
Deficiency of revenue and other sources over expenditures	(46,892)	832	(46,060)	(38,949)
Fund balances, beginning	<u>145,206</u>	<u>(832)</u>	<u>144,374</u>	<u>183,323</u>
Fund balances, ending	<u>\$ 98,314</u>	<u>\$ -</u>	<u>\$ 98,314</u>	<u>\$ 144,374</u>

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to provide business enterprises - where the intent of the government's council is that the cost of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

UTILITY FUND

To account for the provision of gas and sewer services to residents of the City of Eunice.

CITY OF EUNICE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheets
June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current assets:		
Cash	\$ 209,675	\$ 102,869
Accounts receivable, (net of allowance for uncollectible accounts of \$67,000 for 2001 and \$27,000 for 2000)	263,571	250,593
Other receivables	1,354	791
Due from other funds	824	824
Prepaid expenses	<u>18,683</u>	<u>17,860</u>
Total current assets	<u>494,107</u>	<u>372,937</u>
Restricted assets - customers' deposits:		
Cash	46,783	43,431
Investments, at cost	<u>198,582</u>	<u>191,317</u>
Total restricted assets	<u>245,365</u>	<u>234,748</u>
Plant and equipment, at cost (net of accumulated depreciation 2001 -\$5,564,171; 2000 -\$5,216,151)	<u>8,300,119</u>	<u>8,278,472</u>
Total assets	<u>\$ 9,039,591</u>	<u>\$ 8,886,157</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets)		
Accounts payable	\$ 27,642	\$ 30,352
Compensated absences payable	1,579	8,007
Other payables	4,193	1,667
Accrued liabilities	49,472	146,000
Due to other funds	3,188	11,590
Capital lease payable	<u>18,591</u>	<u>17,555</u>
Total current liabilities	<u>104,665</u>	<u>215,171</u>
Current liabilities (payable from restricted assets)		
Customers' deposits	<u>203,530</u>	<u>204,865</u>
Noncurrent liabilities		
Capital lease payable	<u>19,687</u>	<u>38,278</u>
Total liabilities	<u>327,882</u>	<u>458,314</u>
Fund equity:		
Contributed equity -		
Contributions from municipality	4,691,860	4,691,860
Contributions from grants	<u>235,664</u>	<u>235,664</u>
Total contributed equity	<u>4,927,524</u>	<u>4,927,524</u>
Retained earnings	<u>3,784,185</u>	<u>3,500,319</u>
Total fund equity	<u>8,711,709</u>	<u>8,427,843</u>
Total liabilities and fund equity	<u>\$ 9,039,591</u>	<u>\$ 8,886,157</u>

CITY OF EUNICE, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Schedule of Revenues, Expenses and
Changes in Retained Earnings
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Charges for services	\$ 4,083,821	\$ 2,640,469
Other billings to customers	74,358	46,392
Total operating revenues	<u>4,158,179</u>	<u>2,686,861</u>
Operating expenses:		
Payroll and related benefits	395,893	412,333
Gas purchases	2,019,105	744,767
Supplies and materials	52,993	108,262
Repairs and maintenance	82,309	138,909
Office expenses	30,769	32,761
Professional fees	16,410	10,806
Interest	3,294	4,272
Insurance - general	66,861	58,939
Depreciation	354,822	382,484
Group insurance	48,293	44,124
Bad debts	51,762	9,000
Permits	9,883	10,355
Utilities and telephone	165,794	127,915
Miscellaneous	6,661	19,659
Total operating expenses	<u>3,304,849</u>	<u>2,104,586</u>
Operating income	<u>853,330</u>	<u>582,275</u>
Nonoperating income:		
Grant revenues	-	50,000
Interest earned on investments	24,497	14,439
Gain on sale of investments	540	1,530
Other revenue	<u>134,646</u>	<u>10,284</u>
Total nonoperating income	<u>159,683</u>	<u>76,253</u>
Income before operating transfers	<u>1,013,013</u>	<u>658,528</u>
Operating transfers:		
Operating transfers in	20,849	20,849
Operating transfers out	<u>(749,996)</u>	<u>(770,502)</u>
Total operating transfers	<u>(729,147)</u>	<u>(749,653)</u>
Net income (loss)	283,866	(91,125)
Retained earnings, beginning	<u>3,500,319</u>	<u>3,591,444</u>
Retained earnings, ending	<u>\$ 3,784,185</u>	<u>\$ 3,500,319</u>

Gas Department		Sewer Department	
2001	2000	2001	2000
\$ 2,929,042	\$ 1,482,100	\$ 1,154,779	\$ 1,158,369
<u>64,900</u>	<u>34,517</u>	<u>9,458</u>	<u>11,875</u>
<u>2,993,942</u>	<u>1,516,617</u>	<u>1,164,237</u>	<u>1,170,244</u>
226,624	243,861	169,269	168,472
2,019,105	744,767	-	-
52,993	48,720	-	59,542
43,874	47,217	38,435	91,692
24,246	27,489	6,523	5,272
12,964	9,086	3,446	1,720
-	-	3,294	4,272
23,045	21,343	43,816	37,596
77,974	89,158	276,848	293,326
29,395	27,537	18,898	16,587
51,762	9,000	-	-
-	-	9,883	10,355
2,807	1,644	162,987	126,271
<u>6,146</u>	<u>4,381</u>	<u>515</u>	<u>15,278</u>
<u>2,570,935</u>	<u>1,274,203</u>	<u>733,914</u>	<u>830,383</u>
<u>\$ 423,007</u>	<u>\$ 242,414</u>	<u>\$ 430,323</u>	<u>\$ 339,861</u>

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

GROUP INSURANCE FUND

To account for the accumulation of funds for the City's self-insurance against health care claims.

CITY OF EUNICE, LOUISIANA
Internal Service Fund
Group Insurance Fund

Comparative Balance Sheets
June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current assets:		
Cash	\$ 5,000	\$ 6,868
Investments	<u>162,820</u>	<u>94,311</u>
Total assets	<u>\$ 167,820</u>	<u>\$ 101,179</u>
LIABILITIES AND FUND EQUITY		
Retained earnings	<u>\$ 167,820</u>	<u>\$ 101,179</u>
Total liabilities and fund equity	<u>\$ 167,820</u>	<u>\$ 101,179</u>

CITY OF EUNICE, LOUISIANA
Internal Service Fund
Group Insurance Fund

Comparative Schedule of Revenues, Expenses and
Changes in Retained Earnings
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Charge for services -		
Group insurance	\$ 365,609	\$ 291,292
Operating expenses:		
Insurance premiums	202,917	160,489
Claims (net)	<u>100,413</u>	<u>87,644</u>
Total operating expenses	<u>303,330</u>	<u>248,133</u>
Operating income	62,279	43,159
Nonoperating income:		
Interest income	<u>4,362</u>	<u>1,728</u>
Net income	66,641	44,887
Retained earnings, beginning	<u>101,179</u>	<u>56,292</u>
Retained earnings, ending	<u>\$ 167,820</u>	<u>\$ 101,179</u>

FIDUCIARY FUND TYPES

Fiduciary Fund Types are used to account for assets held by governments in a fiduciary capacity.

PAYROLL FUND

This fund is used to account for the payroll of the City employees.

CITY OF EUNICE, LOUISIANA
Fiduciary Fund Type
Payroll Fund

Comparative Balance Sheets
June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash	\$ 21,894	\$ 90,708
Due from other funds	<u>36,087</u>	<u>47,217</u>
Total assets	<u>\$ 57,981</u>	<u>\$ 137,925</u>
LIABILITIES		
Accrued liabilities	\$ 57,981	\$ 137,925
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 57,981</u>	<u>\$ 137,925</u>

Schedule of Changes in Assets and Liabilities

	<u>Balance 7/1/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/01</u>
ASSETS				
Cash	\$ 90,708	\$ -	\$ 68,814	\$ 21,894
Due from other funds	<u>47,217</u>	<u>-</u>	<u>11,130</u>	<u>36,087</u>
	<u>\$ 137,925</u>	<u>\$ -</u>	<u>\$ 79,944</u>	<u>\$ 57,981</u>
LIABILITIES				
Accrued liabilities	\$ 137,925	\$ -	\$ 79,944	\$ 57,981
	<u>\$ 137,925</u>	<u>\$ -</u>	<u>\$ 79,944</u>	<u>\$ 57,981</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

CITY OF EUNICE, LOUISIANA
General Fixed Assets Account Group

Schedule of Changes in General Fixed Assets
Year Ended June 30, 2001

	<u>Balance 7/1/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/01</u>
Land and buildings	\$ 5,911,905	\$ -	\$ -	\$ 5,911,905
Industrial facilities	1,159,648	-	-	1,159,648
Autos, equipment, furniture and fixtures	<u>2,031,267</u>	<u>195,352</u>	<u>39,820</u>	<u>2,186,799</u>
Total	<u>\$ 9,102,820</u>	<u>\$ 195,352</u>	<u>\$ 39,820</u>	<u>\$ 9,258,352</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds.

CITY OF EUNICE, LOUISIANA
General Long-Term Debt Account Group

Combining Schedule of General Long-Term Debt
June 30, 2001
With Comparative Totals for June 30, 2000

	Public Improvement Bonds		Sales Tax Fund Installment Purchase Contract	Litigation Claims Payable	Totals	
	Series ST-1997	Series ST-1992			2001	2000
Amount Available and to be Provided for the Payment of General Long-Term Debt						
Amount available in Debt Service Funds for debt retirement	\$ 140,105	\$ 1,020,537	\$ -	\$ -	\$ 1,160,642	\$ 1,185,363
Amount to be provided from -						
Sale and use taxes	464,895	84,463	-	-	549,358	1,212,723
Industrial lease payments	-	-	-	-	-	-
Excess annual revenue	-	-	88,071	3,000	91,071	145,115
	<u>\$ 605,000</u>	<u>\$ 1,105,000</u>	<u>\$ 88,071</u>	<u>\$ 3,000</u>	<u>\$ 1,801,071</u>	<u>\$ 2,543,201</u>
<u>General Long-Term Debt Payable</u>						
Bonds payable	\$ 605,000	\$ 1,105,000	\$ -	-	\$ 1,710,000	\$ 2,290,000
Estimated liability for claims and judgments	-	-	-	3,000	3,000	-
General long-term debt	-	-	88,071	-	88,071	253,201
Total general long-term debt payable	<u>\$ 605,000</u>	<u>\$ 1,105,000</u>	<u>\$ 88,071</u>	<u>\$ 3,000</u>	<u>\$ 1,801,071</u>	<u>\$ 2,543,201</u>

INTERNAL CONTROL, COMPLIANCE



Darnall, Sikes & Fredericksm

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

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Abbeville, LA 70510
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The Honorable Mayor Kenneth J. Peart
and Members of the Council
City of Eunice, Louisiana

We have audited the general purpose financial statements of the City of Eunice, Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Eunice, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 01-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Eunice, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Eunice, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 01-1, 01-3, 01-4 and 01-5.

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Certified Public Accountants
Society of Louisiana
Certified Public Accountants

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 01-1, 01-3, 01-4 and 01-5 to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

September 20, 2001

CITY OF EUNICE, LOUISIANA

Summary Schedule of Prior Year Findings
Year Ended June 30, 2001

00-1 Finding: ~~Inadequate Segregation of Accounting Functions~~
Status: This finding is unresolved. See current year finding 01-1.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2001

Findings Relating to an Audit in Accordance with Government Auditing Standards

Individual Segregation of Accounting Functions

01-1 Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

Response:

A complete segregation of duties is not feasible due to the cost-benefit of hiring additional personnel and the size of the City.

Police Payroll

01-2 Finding:

It was reported that police officers assigned to office duty were paid for services not rendered. Specifically, office duty officers were overpaid four hours during each two week pay period, for time they did not work and twenty hours at overtime rate which should have been paid at their respective regular pay rate. This could not be confirmed by audit procedures performed. Assuming this is true, the estimated cost to the City of Eunice for time paid but not worked and for overtime paid when regular time should have been paid is approximately \$29,000 for the current fiscal year. This calculation does not account for any overpayment of payroll taxes, retirement contributions or workers compensation insurance costs associated with this payroll. No adjustment has been made to the general purpose financial statements relating to these amounts.

Recommendation:

It is recommended that this allegation be referred to proper legal authority for appropriate action.

Response:

This matter has been referred to the St. Landry Parish District Attorney's for further investigation.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2001

Police Records

01-3 Finding:

Approximately twenty-five percent of the Earned Time Logs reviewed were not signed by the Supervisor.

Recommendation:

Earned Time Logs should not be approved for payment without the required signature.

Response:

Police payroll procedures will be changed to ensure all logs are properly approved.

01-4 Finding:

Time recorded for overtime, compensatory time earned and compensatory time taken were difficult to read and prone to misinterpretation.

Recommendation:

These Logs should be redesigned to clearly reflect the number of hours of overtime, compensatory time earned and compensatory time taken.

Response:

These logs will be redesigned to improve accounting for hours worked.

01-5 Finding:

Four Earned Time Logs for one police officer were discovered to have computed time incorrectly, indicating hours worked multiplied by time and one-half. The police officer reported that the time was calculated at compensatory time which is not paid and calculated at time and one-half. The officer then decided to be paid the overtime but did not correct the hours worked. The officer has had this error corrected this fiscal year.

Recommendation:

It is recommended that the hours indicated on the Earned Time Log be recalculated prior to approval.

Response:

Procedures will be adopted to recalculate hours prior to payments.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EUNICE, LOUISIANA

Schedule of Per Diem Paid to Members of the Council
Year Ended June 30, 2001

Kenneth J. Peart, Mayor	\$ 30,810
Nolton Anderson	7,120
Louis Pavur	7,120
I. Jackson Burson	13,700
Chawana Fontenot	7,120
Charles Atchison	<u>7,120</u>
	<u>\$ 72,990</u>